

EXHIBIT G

Designation of Deposition Testimony of Robert Walter

1 UNITED STATES BANKRUPTCY COURT
2 EASTERN DISTRICT OF MICHIGAN
3 SOUTHERN DIVISION
4
5

6 In re:) Case No. 13-53845
7 CITY OF DETROIT, MICHIGAN)
8) Chapter 9
9 Debtor)
10) Hon. Steven W. Rhodes
11
12

13 The Deposition of ROBERT C. WALTER,
14 Taken at 150 W. Jefferson, Suite 2500,
15 Detroit, Michigan,
16 Commencing at 10:27 a.m.,
17 Friday, July 11, 2014,
18 Before Melinda S. Moore, CSR-2258.
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1 Q. -- so the court reporter can get down what we're
2 saying.

3 Are you currently employed?

4 A. No. I'm retired.

5 Q. When did you retire?

6 A. March of 2012.

7 Q. Where did you retire from?

8 A. City of Detroit Law Department.

9 Q. What was your position?

10 A. Senior assistant corporation counsel.

11 Q. Who was above you in the Law Department?

12 A. At that time, my supervisor was Judith Turner and
13 then the director and -- was Krystal Crittendon,
14 and the deputy director was Edward Keelean.

15 Q. The highest ranking person in that department was
16 Ed Keelean?

17 A. No, he was the deputy director. Krystal
18 Crittendon was the director.

19 Q. What would your day-to-day duties have been as an
20 assistant -- senior assistant corporation
21 counsel?

22 A. I was assigned to represent the Detroit Water and
23 Sewerage Department, and basically general counsel
24 work for whatever they wanted me to do. I didn't
25 do litigation. I wrote and reviewed contracts,

1 negotiated contracts, advised the department on
2 any legal issues that they wanted advice on.

3 Q. Advise the DWSD?

4 A. Yes, that was -- I did some work for the Public
5 Lighting Department, but mostly DWSD.

6 Q. When did you take the position of senior
7 assistant corporation counsel?

8 A. I got promoted in the mid-90s -- '95 or '96.

9 Q. And were you always in that position assigned to
10 the DWSD?

11 A. I was assigned to DWSD from the time I started at
12 the Law Department in 1982 until I retired.

13 Q. With respect to any criminal investigations or
14 outside agencies investigating the DWSD, would
15 that have been something that you would become
16 involved with?

17 A. No. I was not involved in that.

18 Q. What -- who would have been involved?

19 A. Someone higher than me. There were two federal
20 investigations of the department while I worked
21 there, when I just started there, in 1982, when
22 the director of the department, Charles Beckham,
23 was indicted and subsequently convicted. And that
24 was handled by my supervisor, Darryl Alexander,
25 and they add lawyer from Dykema -- a criminal

1 lawyer from Dykema Gossett named Howard O'Leary
2 who worked on that.

3 And then the one in the Kilpatrick
4 administration was an headed by Edward Keelean,
5 the deputy director of the department.

6 Q. And when did that investigation begin, to the
7 best of your knowledge?

8 A. I don't remember a date. I became aware of it
9 when I was -- when Mr. Keelean and another lawyer
10 named Dennis Mazurek showed me a grand jury
11 subpoena for Water and Sewerage Department
12 documents and asked me who at the Water Board
13 Building they would contact to find all the files
14 that responded to that subpoena.

15 Q. Do you know what time frame that was?

16 A. I don't.

17 Q. Did that grand jury subpoena request files or
18 people to testify?

19 A. The ones that I saw -- and there were several of
20 them -- were all for documents. They did subpoena
21 individuals to testify before the grand jury, but
22 I was not involved in that at all.

23 Q. Do you know what came first, the subpoenas for
24 documents or subpoenas for individuals?

25 A. I think it was the documents.

1 A. Chief assistant corporation counsel.

2 Q. Did you work with him on other things or just
3 this one?

4 A. I worked with Dennis on a number of issues. He
5 was the head of what's called the municipal
6 section, which handled -- they responded to
7 subpoenas in actions where the city was not a
8 party. They advised the city council on ordinance
9 drafting, and they handled all the Freedom of
10 Information Act requests, so anytime the Water and
11 Sewerage Department got FOIAs, and things like
12 that, I would deal with him.

13 Q. How about Ed Keelean? How often did you interact
14 with him?

15 A. Not all that often. Primarily I dealt with my
16 supervisors. In the chain of command above me
17 there was my supervisor, Judith Turner, and then
18 she reported to Dennis Mazurek, who reported to Ed
19 Keelean and Krystal Crittendon.

20 Q. When you were shown the grand jury subpoenas, do
21 you know what year that was?

22 A. I don't.

23 Q. When you were shown the grand jury subpoenas, was
24 that the first time that Mr. Keelean had asked
25 you to get something or direct him in the right

1 way since you became -- or since he became the
2 director?

3 A. I think so, yes. I mean, basically I would deal
4 with him if was writing a legal opinion for the
5 Law Department that either he or the corporation
6 counsel had to sign off on, but it was just
7 projects like that. An average week, I had no
8 contact with him.

9 Q. Did you -- in order to answer his questions, did
10 you have to ask him about the investigation and
11 the nature -- the nature of the investigation?

12 A. Yes. And although I don't know how much the
13 federal investigators were telling him, he was the
14 liaison between the federal investigators and the
15 city. And I don't know what they told him.

16 Q. What did he tell you?

17 A. That he was receiving subpoenas, that he was
18 compiling documents, and that he also sat in on
19 some of the interviews where the federal
20 investigators were interviewing city employees.
21 This was before some of them got called before the
22 grand jury.

23 Q. Had you sat in on any interviews?

24 A. No, but I was interviewed by the assistant U.S.
25 attorney who was on the investigation.

1 Q. When was that?

2 A. I don't remember the date. It was several months
3 before the indictment came out.

4 Q. In 2010?

5 A. It might have been. Either late 2009 or early
6 2010.

7 Q. So going back to the conversation with
8 Mr. Keelean, did he tell you what was being
9 investigated?

10 A. I don't know if this is privileged or not, but --

11 MR. FAISON: If you think it might be
12 privileged, then establish the parameters, and
13 then we can figure out whether it's privileged or
14 not.

15 THE WITNESS: He told me general --

16 MR. FAISON: Not what -- in terms of
17 the conversation, how did the conversation come
18 up, and did you feel that you were offering law
19 advice to him?

20 THE WITNESS: Well, no, I wasn't
21 offering any legal advice. There were
22 investigations as far as it involved the
23 department that I worked with, of kickbacks being
24 paid by contractors or extorted from contractors,
25 and there was also in a housing department

1 contract that I got stuck working on an allegation
2 of bid rigging.

3 BY MS. BADALAMENTI:

4 Q. You said kickbacks that were paid by or extorted
5 from contractors. Do you know which one was
6 being investigated?

7 A. No.

8 Q. Did Mr. Keelean tell you it was one or the other
9 or did you gather that information on your own?

10 A. A lot of that came from just reading the
11 newspapers and watching the television news. The
12 news media were -- I probably got more information
13 about the investigation from reading the
14 newspapers than I did from talking to Ed Keelean.

15 Q. Would that have been at the time that you were
16 answering these subpoenas you saw this
17 information going on in the news?

18 A. The investigation was all over the newspapers and
19 the TV stations.

20 Q. What was the housing project?

21 A. That was a fed -- the federal government, the
22 Department of Housing and Urban Development, was
23 putting up the money to rebuild an old public
24 housing project on the west side of Detroit. The
25 old one had demolished -- been demolished, and

1 grants group. I would review it after the
2 negotiation was finalized, but typically the
3 negotiation of an amendment was done by the
4 contracts and grants group and engineers who were
5 the project managers for the contract. I
6 generally was not involved in that.

7 Q. What was the scope of the work that was covered
8 by this Amendment 1?

9 A. The scope of the work is -- actually there is no
10 scope of work in this amendment, which means that
11 the scope of work that was in the initial contract
12 would remain in place. And it looks like this one
13 was simply adding additional funding to cover more
14 of the same types of work.

15 Q. Who would be -- who would initiate an amendment
16 like this where they're approving more money for
17 the same work?

18 A. That would typically be the engineering department
19 that was administering the contract. If they
20 found that there was more work that needed to be
21 done, then they would ask for a budget increase
22 and a contract amendment putting more money. And
23 sometimes they would add work to the scope of a
24 contract. And this one -- this amendment doesn't
25 do that. It's just sewer inspection and relining,

1 and there are unit prices for various sizes of
2 pipe.

3 Q. Is it your understanding that the work had
4 changed in some aspect or that it had -- the
5 scope of the original work was different when
6 they got in to do it, or what was the reason that
7 amendment was necessary?

8 A. Well, the explanation is in the second and third
9 pages of this exhibit. There's a memorandum to
10 the Board of Water Commissioners from the director
11 explaining the need for the contract amendment,
12 which simply says that they're inspecting and
13 relining old sewers, and that they want to have
14 additional work done, but it's the same type of
15 work. They're just adding more money.

16 Q. Is it additional work or are they relining a
17 different areas or --

18 A. This covers sewers for the whole area of the
19 city -- service area.

20 Q. Did the original 1368 cover the same scope?

21 A. I haven't seen the original -- the scope of work
22 is in contract -- the original contract document,
23 which I do not have before me.

24 MARKED FOR IDENTIFICATION:

25 DEPOSITION EXHIBIT 2

1 we're within that time frame, right, when we
2 enter into Amendment 1?

3 A. Amendment 1 was approved by the city council on
4 February 2nd, 2005, so --

5 Q. Amendment 1 is -- there's a motion to the Board
6 of Water Commissioners as of August 25th of 2004,
7 correct?

8 A. Right.

9 Q. So the board might not approve it until 2005, but
10 they've used up their budget from the original --

11 A. At some point.

12 Q. Hold on. Let me finish. They've used up their
13 budget from 2002 to August 25th of 2004? That's
14 when they request additional funding?

15 A. They requested an additional \$10 million to do
16 more work and they did not -- this Amendment No. 1
17 did not extend the time of performance.

18 Q. So within the same three-year time frame we're
19 upping the budget \$10 million?

20 A. Yeah.

21 MR. FAISON: I object to the suggestion
22 that all money had been used up on the contract at
23 the time the motion was filed. There is no
24 evidence to support that suggestion.

25 MS. BADALAMENTI: I appreciate the

1 A. I think the original anticipation was that the
2 budget was going to be -- in the original
3 contract, was going to be sufficient for the
4 three-year term, but obviously they found
5 additional work. You don't know what state the
6 sewers are in until you actually get in there and
7 take a look at them. And obviously they found
8 more deterioration in the sewers and they wanted
9 to have more work done.

10 Q. So in the professional services context you told
11 me that there is a design process that goes into
12 the proposal submitted by the professional. So
13 is it your testimony now that they might not have
14 known what the design or nature or how much sewer
15 they were going to be covering --

16 A. Well --

17 MR. FAISON: Hold on. Let her --

18 MS. BADALAMENTI: That's okay.

19 MR. FAISON: Let her finish her
20 question. That way I can figure out whether the
21 question is objectionable or not before you
22 answer.

23 THE WITNESS: Okay. This was not
24 really a design contract. This was more an
25 as-needed inspection and rehabilitation work for

1 relining old sewers that were deteriorated. You
2 just look at the condition of the sewer, and if
3 it's cracking or pitting, you reline it.

4 BY MS. BADALAMENTI:

5 Q. So this CS-1368 wasn't really any of those three
6 types of contracts. That's what you're telling
7 me now. It wasn't construction contracts; it
8 wasn't a professional services contract; it
9 wasn't a design-build contract. It was something
10 different. Now we have a fourth category of
11 contract?

12 A. Well, this -- this would be more of -- the scope
13 of work here is inspecting sewers and relining the
14 ones that need to be relined. So the inspection
15 work and evaluation is professional services, and
16 the relining work is basically construction work;
17 so they were doing both in this contract.

18 Q. So is it your testimony that this is a fourth
19 type of contract? It's not one of those three?

20 A. Yeah, there -- yeah.

21 Q. What other contracts were as-needed contracts?

22 A. Oh, the sludge hauling contracts for the
23 wastewater treatment plant. Depending on how many
24 tons of sludge the plant produces -- you'd have
25 trucking companies on call. You would have what

1 were called as-needed design services where you'd
2 have engineering firms under contract and you
3 would assign projects to them.

4 You had what was called skilled
5 maintenance contracts where you would have
6 contractors that would provide skilled trades work
7 at pump stations and water treatment plants and
8 the sewer plant. And that was all on an as-needed
9 basis. Some days they'd be doing nothing and some
10 days they'd have a full crew.

11 Q. Those contracts would have a total contract
12 amount and they would work for a certain period
13 of time within that contract amount, right?

14 A. You would start -- yeah, you would have a contract
15 amount that they could not go over without an
16 amendment increasing the price, and there would be
17 an initial time frame, and that would require a
18 contract amendment to shorten or extend it.

19 Q. The sludge hauling contracts, the engineering
20 contracts, were those -- were there typically
21 amendments in connection with those types of
22 contracts?

23 A. Yes.

24 Q. Would the amendments not extend the time but
25 extend the budget?

1 A. You could get any combination of that. You could
2 have a time-only extension. You could have a
3 budget extension or you could have both.

4 Q. Tell me some of the amendments that you're aware
5 of on these as-needed-type contracts where the
6 time is not extended but the budget is. Any
7 other example you can give me?

8 A. Oh, sometimes on the sludge hauling contracts, if
9 you've got -- if the plant was producing more
10 sludge than normal, things like that.

11 Q. Any others?

12 A. It could happen on any type of contract.

13 Q. Was this the only contract that you were involved
14 with where the City of Detroit was contracting
15 with a contractor or professional services
16 provider to inspect the sewer system?

17 A. No. There were a number of those contracts over
18 the years.

19 Q. Who were some of the other contractors?

20 A. There was a company called Insituform --
21 Insituform of Michigan, which was owned by the
22 same holding company that owns Inland Waters.
23 There was a company called Lanzo Construction that
24 had a contract for relining some of the larger
25 sewers and outfalls on the Detroit River. Those

1 There might be unit prices. There might be hourly
2 rates. It would depend on the type of contract.
3 There would be something breaking it down.

4 Q. So the costing summary for CS-1368, the original
5 sewer lining project, is that something that we
6 see in these documents here?

7 A. Well, the costing summary in Exhibit 1 is several
8 pages -- more than several -- of unit prices for
9 sewer lining based on the diameter of the sewer
10 and then the linear feet of pipe rehabilitated.

11 Q. That would be Exhibit B-2?

12 A. This is Exhibit B, captioned Cost Information
13 Sheet.

14 Q. Okay. Let me get the record situated here. It
15 would be Exhibit B to the document titled
16 Contract CS-1368, which we've marked as
17 Exhibit 2?

18 A. Yes.

19 Q. Okay. Exhibit B to Exhibit 2 has these unit
20 prices, right?

21 A. Yeah. Exhibit B to Exhibit 2 is a long list of
22 unit prices based on the diameter of the sewer and
23 the number of linear feet rehabilitated or
24 realigned.

25 Q. What I don't see in this cost information sheet

1 THE WITNESS: Okay.

2 BY MS. BADALAMENTI:

3 Q. So the unit price that's shown in this cost
4 information sheet would include everything that
5 went into that particular type of work, the
6 inspection service, use of television equipment,
7 the manpower required? Everything would be
8 included within the unit price?

9 A. The unit price includes labor and material,
10 inspection work, everything. The contractor has
11 to set that price high enough to cover all of its
12 costs.

13 Q. Does this original CS-1368 document provide for
14 overtime?

15 A. No. It provides for unit prices, and if the
16 contractor has to work overtime, it has to take
17 the overtime -- pay for its employees out of this
18 unit price.

19 Q. September 20th of 2004 we see Mr. Shukla now
20 providing for labor, overhead, markups, overtime.
21 These types of things are now going to be
22 included within the amounts that Inland can
23 charge; is that correct?

24 A. On the project covered by this amendment, which
25 was the sewer collapse on 15 Mile Road only.

- 1 Q. Okay. Who would authorize Mr. Shukla to execute
2 a costing supplement like this?
- 3 A. The director, Mr. Mercado.
- 4 Q. Who would authorize Mr. Mercado to do that?
- 5 A. As the director of the Water and Sewerage
6 Department, he had the authority to do that. I
7 don't know if he discussed it with the mayor or
8 not.
- 9 Q. The next page is dated April 4, 2005.
- 10 A. Okay. We're still in Exhibit 3, okay.
- 11 Q. Right. This April 4, 2005 document is a letter
12 by Victor Mercado. Do you see that there?
- 13 A. Yes.
- 14 Q. Is this something you've seen before?
- 15 A. It's part of the contract. Yes, I've seen it
16 before.
- 17 Q. By April 4, 2005, has most of the work or some of
18 the work been done on the project?
- 19 A. Some of the work has been done. I think that
20 project ran into June or July of 2005, before all
21 of it was done.
- 22 Q. This document by Victor Mercado dated April 4,
23 2005, is proposing a different costing
24 supplement. Do you understand that to be the
25 case?

1 A. No. This is just talking about the kind of
2 documentation they have to submit with their
3 invoices to get the invoices approved. That's how
4 I read it.

5 Q. So the -- the paragraph reads "The other cost
6 guidelines contained in the attached costing
7 supplement will govern all work performed on the
8 contract from its inception until final
9 completion." Do you see that there?

10 A. Yes.

11 Q. So this document is intended to provide a
12 different costing framework going all the way
13 back to August, when the project began. Would
14 you agree with that?

15 A. This references some negotiations over the
16 pricing, and the costing supplement is on the next
17 page.

18 Q. Okay. So my question was: Would you agree that
19 this document is going to provide a new costing
20 framework for Inland Waters going back -- the
21 language is from its inception of the work until
22 final completion.

23 A. From the inception of the work covered by this
24 contract amendment, which is 15 Mile Road.

25 Q. So from August 22nd or as soon as they started

1 work thereafter -- August 22, 2004 collapse, they
2 start work. In April of 2005, we're now going to
3 go backwards and impose these -- this costing
4 framework; is that accurate?

5 A. It looks like this is maybe modifying the
6 September 20th letter that Mr. Shukla wrote.

7 Q. Who would, again, give Mr. Mercado -- let me ask
8 it this way: You said earlier Mr. Mercado would
9 have had the authority to direct Mr. Shukla to do
10 the first costing summary.

11 A. Yes.

12 Q. Would Mr. Mercado have authority, then, to do a
13 new costing summary?

14 A. Yes, he would.

15 Q. Would he need to get the mayor's approval to do
16 that, to the best of your knowledge?

17 A. I don't know how much the mayor delegated that to
18 him. And I'm not sure --

19 Q. I don't want to cut you off. Were you --

20 A. No, go ahead.

21 Q. Was this document something that you would have
22 reviewed, the letter dated April 4, 2005, or the
23 costing supplement that follows? Was that
24 something that you reviewed before it was made a
25 part of the contract?

- 1 A. I might not have because this was signed in
2 November 2004. I might not have depending on the
3 date of the administrative order. This may have
4 been added afterwards. I'm not sure.
- 5 Q. Well, it's dated well after November 2004. You
6 would agree with that, right?
- 7 A. Right.
- 8 Q. You have no reason to believe that that was
9 something that was done before April of 2005, do
10 you?
- 11 A. No.
- 12 Q. The signature on the bottom, do you recognize
13 that to be Victor Mercado's signature?
- 14 A. That's his handwriting.
- 15 Q. Dennis Oszust from -- he signs as the vice
16 president, general manager of the company, Pipe
17 Rehabilitation Group?
- 18 A. No, that's the group within Inland Waters. The
19 company is Inland Waters Pollution Control,
20 Incorporated. The Pipe Rehab Group was a group
21 within that company.
- 22 Q. Okay. Did you know Mr. Oszust?
- 23 A. Yes, I've met him a number of times.
- 24 Q. Did you meet him in connection with this project
25 or with this Amendment 2, I should say?

1 A. Not with this amendment. I was dealing with DWSD
2 staff on this amendment. I didn't talk to him
3 about this.

4 Q. Were you present when this document was signed by
5 Mr. Mercado --

6 A. No.

7 Q. -- or Mr. Oszust?

8 The pages that follow, CS-1368
9 Amendment No. 2 costing supplement, there are some
10 initials there on the document and there's a date
11 of 3/17 of '05. I deposed Mr. Shukla, and he
12 indicated that one of those initials were his. Do
13 you recognize the other one?

14 A. No. It looks like D.O., which would mean Dennis
15 Oszust, but I'm guessing.

16 Q. In your dealings with contracts for the DWSD, had
17 you had occasion to see a costing supplement that
18 was redone like was done in this case, where
19 there's actually a second costing supplement that
20 issues for the same contract?

21 A. No.

22 Q. Do you know how this -- or who directed that this
23 was done?

24 A. This would have to come from Mr. Mercado.

25 Q. Did you know what the standard markup or layers

1 question, and if he said there's more work to be
2 done, I would have taken his word for it.

3 Q. The work to be done had already at least been
4 started at that point, correct?

5 A. I don't -- well, the whole project, the work that
6 Inland Waters started in August, and --

7 Q. Of '04?

8 A. Of '04, and they had been working -- they and
9 their subcontractors had been working out there
10 continuously.

11 Q. So was it your understanding at the time
12 Amendment 3 is entered into that the whole budget
13 had been used or that the whole budget had been
14 used and there was more money due already?

15 A. My understanding would have been that the current
16 budget was not enough, and that they were going to
17 use -- need more money to complete the work.
18 Whether that was -- whether they had spent
19 everything or whether they had some left, they
20 were going to run out, I don't know.

21 Q. Was that something you customarily checked on,
22 how much had they spent -- "We're entering into
23 this Amendment 3 and we're preparing this
24 document. How much has been spent so far?"

25 A. I generally didn't ask that question. I did not

1 review -- I never reviewed the contractor
2 invoices. I just -- if they told me that they
3 were running out, that the budget needed to be
4 increased to complete the project, I would believe
5 that and do it.

6 Q. And who other than Mr. Shukla would give you that
7 information?

8 A. Either Darryl Latimer or Mr. Mercado.

9 Q. Did Darryl Latimer have any discussions with you
10 in connection with Amendment 3 about amounts that
11 had been disallowed with respect to the sinkhole
12 repair work?

13 A. No.

14 Q. Did anyone discuss with you before Amendment 3
15 was drafted or executed that there were concerns
16 about overcharges on the project?

17 A. No.

18 Q. Did you actually prepare the text of the
19 amendment?

20 A. No. Those amendments are boilerplate forms that
21 the contracts administration group would prepare.
22 And Darryl Latimer was the head of that group at
23 that time.

24 Q. Does this amendment extend the time and budget or
25 just the budget?

1 been constructed?

2 A. That was the way it was explained by Craig. And,
3 there were a couple of projects that were put into
4 the capital improvement program and put into the
5 rates that were charged to Macomb County that
6 never got built, and part of the price negotiation
7 involved in the transfer -- the transfer agreement
8 was pulling those -- identifying those projects,
9 pulling them out -- back out of the rate base and
10 giving Macomb County a credit for them on the
11 purchase price.

12 Q. Was that credit referred to as the global
13 settlement amount?

14 A. The global -- no, the global settlement is a
15 settlement agreement that the parties entered into
16 with Judge -- before Judge Feikens to resolve a
17 number of issues that were out there. That was --
18 and part of that was that the community -- the
19 City of Detroit and Oakland and Macomb counties
20 would negotiate the sale of the interceptor to
21 drainage districts to be created by those two
22 counties, and the price resolution was done in the
23 context of the transfer agreement. I don't think
24 it -- I don't think it was in the settlement
25 agreement. I think it was worked out as we were

1 setting the price to be paid for the sewer.

2 Q. So the settlement agreement was essentially an
3 agreement to reach an agreement on the purchase?

4 A. That was part of it. We also resolved the
5 disputes over the cost allocation for the 800
6 megahertz project and a couple of other disputed
7 issues as well.

8 Q. Was the settlement agreement the means by which
9 the cost allocation of 15 Mile and Hayes was
10 resolved or was that resolved in its entirety by
11 Judge Feikens' ruling?

12 A. Judge Feikens resolved the allocation issue, that
13 it was Macomb County only. And I don't recall
14 Macomb County ever filing a formal complaint about
15 the total cost of it. At some point Mr. Marrocco
16 showed us -- shared with us the report that said
17 it could have been done for a lower cost, but I
18 don't recall him ever filing a formal litigation
19 pleading over that.

20 Q. In the '77 case?

21 A. Or in any case, I don't think.

22 Q. There was also a dispute in the 1977 lawsuit
23 about the interest rate that was being charged by
24 DWSD. Are you familiar with that?

25 A. Yes.

1 A. Yes.

2 Q. Do you know whether that Letter of Intent was
3 ever executed?

4 A. I believe it was.

5 Q. Just to make the record clear, the document that
6 I handed you that's titled Settlement Agreement
7 has been marked as Exhibit 5; is that correct?

8 A. Yes.

9 MARKED FOR IDENTIFICATION:
10 DEPOSITION EXHIBIT 6
11 12:30 p.m.

12 BY MS. BADALAMENTI:

13 Q. The document that I've marked as Exhibit 6 is
14 titled the Macomb Acquisition Agreement. It's
15 dated September 2nd of 2010. Do you recognize
16 that document?

17 A. Yeah. This is -- it's got an Exhibit A marked all
18 over it, too. I assume that's from something
19 else.

20 Q. Short of that Exhibit A, do you recognize the
21 document?

22 A. Yeah, this is the contract under which the City of
23 Detroit transferred the Macomb Interceptor to the
24 the Macomb Interceptor Drain Drainage District and
25 the County of Macomb.

1 Q. Let me ask it a different way. There was due
2 diligence that was contemplated by this
3 agreement. Are you familiar with that?

4 A. Yes.

5 Q. Were you part of any of the due diligence under
6 taken by Macomb or Detroit in connection with
7 this agreement?

8 A. The due diligence was undertaken by Macomb. I
9 don't recall Detroit doing any at all. And I was
10 involved in all of the negotiation meetings that
11 led to this document. If there were separate due
12 diligence meetings, I don't think I was part of
13 those.

14 Q. You had said that Bart Foster was involved in
15 this process. Do you know what his involvement
16 was?

17 A. Bart is a water and sewerage rate consultant.
18 He's the one that creates the water and sewage
19 rates for the city. He's very involved in the
20 department's finances and rate setting. And he is
21 also works on the city's bond issues. He was the
22 one who really went into the bond documents and
23 determined what the amount of the outstanding debt
24 was. And then he had some meetings with Macomb
25 County's lawyer, Craig Hupp, who have looked at

1 at the time, but I have honestly forgotten all
2 that.

3 Q. Paragraph 3.8 Disclosure of System Debt, do you
4 see that paragraph?

5 A. Yes.

6 Q. The last sentence of that paragraph, "None of the
7 written data or information furnished or made
8 available to Macomb County by Detroit as part of
9 the due diligence," do you know what material was
10 furnished to Macomb County as part of the due
11 diligence?

12 A. No, I don't.

13 Q. Would Mr. Shukla or anybody else who's included
14 within that category of Detroit's knowledge know
15 what documents were provided?

16 A. Shukla was not on the negotiating team for this
17 acquisition agreement, so it would not have been
18 him. The due diligence mostly related to the
19 finances, so that would have been Bart Foster.

20 Q. Paragraph 5.3 of this agreement provides that
21 Detroit shall promptly inform the Macomb County
22 and MID of any claims which it becomes aware that
23 might reasonably be expected to become the
24 subject of litigation affecting the Macomb
25 system. Did you make any disclosures to Macomb

1 was not involved in those cases in any way.

2 Q. The acquisition agreement, and in particular,
3 schedule 3.8 provides or has Macomb County paying
4 for the entire cost of the sinkhole repair
5 project. Would you agree with that?

6 A. This just has a number on it which is higher than
7 the total price of the contract amendment,
8 although, as I said, the contract with Inland
9 Waters covered more than just this work.

10 Q. Do you understand the sinkhole repair to have
11 cost more -- total of the repairs to have been
12 more than \$54 million?

13 A. No, it's my understanding that that was the total
14 cost.

15 Q. Okay. And you're unfamiliar with the settlements
16 between Detroit and the contractors and
17 subcontractors?

18 A. I was not involved in those at all.

19 Q. Just so we have a good record, I'm going to mark
20 this as Exhibit 7.

21 MARKED FOR IDENTIFICATION:

22 DEPOSITION EXHIBIT 7

23 12:53 p.m.

24 BY MS. BADALAMENTI:

25 Q. Is this the Letter of Intent -- did I say I

1 marked it as Exhibit 7? Is this the Letter of
2 Intent we were referring to earlier?

3 A. This is the Letter of Intent, although this copy
4 is not signed.

5 Q. But do you believe it was signed?

6 A. My recollection is that it was, but I don't see a
7 signed copy here. Maybe it wasn't. My
8 recollection is that it was, but --

9 Q. Section 9, Conduct of Operations, refers to in
10 several paragraphs that you were to obtain the
11 consent of the transferee to any -- in certain
12 circumstances. In particular, paragraph 9(d)
13 provides obtaining consent of the transferee to
14 any extraordinary transaction or any transaction
15 which is not at arm's length with any person or
16 entity, in either case relating to the property."
17 Did you ever obtained Macomb County's consent to
18 any extraordinary transaction or transaction not
19 at arm's length?

20 A. I did not.

21 Q. Who were you interviewed by at the United States
22 Attorney's Office? Who were you interviewed by?

23 A. It was an assistant U.S. attorney and an
24 investigator from the Environmental Protection
25 Agency's Inspector General, a man and a woman. I

1 don't remember their names.

2 Q. Did you have counsel with you?

3 A. Yeah, Ed -- well, the interview took place in Ed
4 Keelean's office, and he was there.

5 Q. Did you and Ed Keelean discuss who else had been
6 interviewed through that point?

7 MR. FAISON: I'm sorry, I didn't hear
8 the question.

9 BY MS. BADALAMENTI:

10 Q. Did you and Ed Keelean discuss who else had been
11 interviewed by these same individuals?

12 A. No. He -- Mr. Keelean sat in on a number of
13 interviews with city employees with the federal
14 investigators, and he did not share their names
15 with me.

16 MS. BADALAMENTI: I think I might be
17 done, but if I could just have a couple minutes.

18 MR. FAISON: Sure.

19 (Off the record at 12:56 p.m.)

20 (Back on the record at 12:59 p.m.)

21 BY MS. BADALAMENTI:

22 Q. Do you recall any of the agents that interviewed
23 you to be Carol Paszkiewicz?

24 A. It was Paszkiewicz, yes. She was one.

25 Q. Do you recall Mark Chutkow interviewing you from

1 CERTIFICATE OF NOTARY

2 STATE OF MICHIGAN)

3) SS

4 COUNTY OF MACOMB)

5

6 I, MELINDA S. MOORE, certify that this
7 deposition was taken before me on the date
8 hereinbefore set forth; that the foregoing
9 questions and answers were recorded by me
10 stenographically and reduced to computer
11 transcription; that this is a true, full and
12 correct transcript of my stenographic notes so
13 taken; and that I am not related to, nor of
14 counsel to, either party nor interested in the
15 event of this cause.

16

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Melinda S. Moore

22

MELINDA S. MOORE, CSR-2258

23

Notary Public,

24

Macomb County, Michigan

25

My Commission expires: September 6, 2016